Committee: Audit and Scrutiny Committee	Date: 24 November 2020
Subject: Insurance & Risk Management Strategy	Wards Affected:
Report of: Jacqueline Van Mellaerts, Director of Corporate Resources	Public
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Summary

The report updates members of the Audit & Scrutiny Committee with a revised Insurance & Risk Management Strategy and is attached in Appendix A.

The following changes have been updated:

- Insurance Framework (pages 4, 5 & 6)
- Risk Management Framework (page 8)
- Roles and Responsibilities (pages 10 & 11)
- Risk Tolerance (page 16)
- Monitoring arrangements for Key Risks (pages 16 & 17)

Recommendation(s)

Members are asked to:

R1. To approve and adopt the revised Insurance & Risk Management Strategy 2020, as shown in Appendix A.

Main Report

Introduction and Background

1. The Council's priority is to deliver excellent, customer focused, cost effective services by ensuring that the Council's Risk Management framework is in place and operating effectively. The Council's corporate insurance arrangements form part of the overall risk management approach.

2. This strategy outlines the Council's overall approach to risk retention and transfer including the procurement of corporate insurance cover through relevant policies of insurance to protect against loss or damage to the Council's assets and potential liabilities.

Risk

3. Risk is defined in this context as something that might have an impact on achieving the Council's objectives and its delivery of services to the community.

    Risk Management can be defined as "***the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives"***.

    We use the risk management process to identify, evaluate and control risks. Risk management need not mean risk avoidance and may involve taking steps to reduce risk to an acceptable level or transfer risk to a third party. The Council recognises that it has to deliver services in an increasingly litigious and risk-averse society. The Council will therefore use risk management to promote innovation in support of the Corporate Plan.

Insurance

4. Insurance is a mechanism for transferring risks to another (the insurer) for a consideration (premium). The broad principal of insurance is that the premiums collected from many policyholders pays for the claims of a few, whilst still allowing the insurer to meet their overheads, pay dividends to shareholders, purchase re-insurance to protect themselves against catastrophic losses and to build up their reserves. The Council is not required by law to purchase insurance to cover its risks, except as set out in the next paragraph.

    Under the Local Government Act 1972 it is required to have Fidelity Guarantee Insurance.   This protects the Council in the event of a financial loss arising out of the fraud or dishonesty by its employees. The Council also purchases insurance and inspection services where there are other statutory requirements, for example the need, under the various Health and Safety Acts, to have boilers and lifts inspected by an independent and competent person.

    With the expiry of the long-term agreement with Zurich Municipal and Chubb in March 2020 a tender exercise was undertaken. All policies were awarded to Zurich Municipal on a package basis which resulted in a saving of £200k.

Issue, Options and Analysis of Options

Insurance & Risk Management Strategy

5. A review of the Insurance and Risk Management Strategy has been carried out and is attached at Appendix A. The following changes have been made:

    - Insurance Framework (pages 4, 5 & 6)
      These have been amended to reflect the outcome of the tender exercise carried out following the expiry of the long-term agreement (LTA) in March 2020.

    - Risk Management Framework (pages 8), Roles & Responsibilities (page10 & 11), Risk Tolerance (page 16) and Monitoring arrangements for key risks (page 16-17)
      These have been amended to reflect the changes to Senior Management

Reasons for Recommendation

6. Risk Management continues to be imbedded quarterly within the Senior Leadership Team reports, where Service Heads discuss the top-level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.

7. The Risk and Insurance Officer will continue to work with risk managers to maintain the good progress to date and further develop a consistent application of risk management considerations across all operations of the Council.

Consultation

8. None.

References to Corporate Strategy

9. Effective risk management arrangements will enable the Council to achieve its corporate priorities. The process will allow identification of risks and issues, enabling informed decision making to remove or reduce them, in order for the priorities to be achieved.

Implications

Financial Implications
Name/Title: Jacqueline Van Mellaerts, Director of Corporate Resources
Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

10. None arising specifically from this report, but control measures identified in risk registers could have financial or resource implications.

Legal Implications
Name & Title: Amanda Julian, Director of Law and Governance
Tel & Email: 01277 312500/Amanda.julian@brentwood.gov.uk

11. Effective risk management provides a means of identifying, managing and reducing the likelihood of legal claims or regulatory challenges against the Council.

Economic Implications
Name/Title: Phil Drane, Director of Planning & Economy
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12. Economic implications are contained within the report and identified in risk registers.

Background Papers
Insurance & Risk Management Strategy

Appendices to this report

Appendix A: Insurance & Risk Management Strategy 2020